

New Jersey NJ1040 e-File Practitioners Handbook

*Guide for Practitioners/ERO's who file:
New Jersey Income Tax returns electronically*



State of New Jersey
Division of Revenue

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Director

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Message from the Director

Welcome and thank you for your interest in New Jersey's Gross Income Tax Electronic Filing program (NJ-1040 E-File). We look forward to another productive year as we work with you to assist New Jersey's taxpayers.

The NJ-1040 E-file program continues to be a major success for the State of New Jersey. For the 6th consecutive year, the number of e-filed returns has shown significant growth. Approximately 3.2 million NJ-1040 returns were filed electronically in 2011 for Tax Year 2010. This represents over 65 percent of all Personal Income Tax returns processed by the Division of Revenue. The Division will continue to explore new technologies that will enhance our e-services applications.

The State continues to support the current e-file regulations that reduce the practitioner e-file threshold from 25 to 11 or more returns. The current threshold will harmonize New Jersey's e-file rules for paid tax practitioners with recently enacted Federal law. Please visit the New Jersey Business Gateway website at www.nj.gov/njbgs for the most up to date information regarding the new rule change.

Electronic filing continues to provide benefits to both tax practitioners and taxpayers. These benefits include:

- Elimination of data entry errors;
- Quicker turnaround time on refunds (two weeks versus four to six weeks);
- Confirmation that the return was received (receipt of an acknowledgment); and
- Ability to quickly identify and correct errors and re-file rejected returns.

The Division of Revenue's mission is to provide accurate, efficient, timely and responsive services to the business community, taxpayers and State government. As with all of our e-file programs, New Jersey's Gross Income Tax program is essential to the attainment of this mission. It helps us increase our effectiveness and reduce processing costs. We look forward to continually improving our electronic government service programs, and will work in partnership with the practitioner community to ensure that our programs are responsive to the needs of New Jersey's taxpayers.

Thank you for your participation in this program and best wishes for the continued success of your business.

James J. Fruscione
Director
NJ Division of Revenue &
The Office of Treasury Technology

INTRODUCTION

This document is for practitioners. It is available on the Division of Revenue's web page.

Tax Year 2011 (TY11) provides an opportunity for another significant increase in the number of individual income tax returns filed electronically. If a paid preparer has never participated in the Federal/State Electronic Filing (E-File) Program before, that preparer should contact the IRS coordinator at the Newark, NJ, District Office, since this program includes both the Federal and State returns. The telephone number for the Newark office is 973.645.6690. The mailing address is:

IRS/Newark
Attn: Electronic Filing Coordinator
PO Box 668
Newark, NJ 07101-9788

This manual includes criteria for filing, administrative procedures and contact numbers.

New or revised for Tax Year 2011

1. **EITC 20% of Federal amount maximum allowed \$1,150.20**
 - \$43,998 (\$49,078 MJ) with 3 or more \$1,150.20
 - \$40,964 (\$46,044 MJ) with 2 \$1,022.40
 - \$36,052 (\$41,132 MJ) with 1 \$618.80
 - \$13,660 (\$18,740 MJ) no child \$92.80
2. **UI/DI/FLI –**
 - UI/WF/SWF – \$126
 - DI – \$148
 - FLI – \$18
3. **MeF-**
 - Modernized e-file

I GENERAL

New Jersey is again participating in the Joint Federal/State Electronic Filing Program for individual income tax returns. The information contained in this handbook is designed to assist practitioners in the preparation of New Jersey Electronic Returns for TY11.

If you have any questions, comments, or suggestions, you may direct them, in writing, to:

New Jersey Division of Revenue
E-file-NJ-1040
PO Box 628
Trenton, NJ 08646-0628

You may also fax transmissions to 609-777-2811; send e-mails to our E-File Coordinator, Anthony.Johnson@treas.state.nj.us; or call our hotline at 609-292-9292.

II WHO CAN E-FILE FOR TAX YEAR 2011 (TY11)

To address our need for efficiency and to reduce processing costs, the New Jersey Division of Taxation mandated electronic filing for personal income tax for 2010.

*For TY11 the mandate was expanded to include tax practitioners (firms and individuals) who prepared 11 or more 2010 NJ Income Tax Resident Returns.

For additional details see Taxation's web page:
<http://www.state.nj.us/treasury/taxation/pdf/1040efiling.pdf>

Non-resident, part-year resident, amended, prior-year, and fiduciary returns are not included in the e-filing mandate.

Practitioners who filed less than 11 NJ Income Tax Returns (NJ-1040) in 2010 are not required to file electronically, but are strongly encouraged to do so.

Electronic filing benefits everyone – taxpayers, practitioners, and State government. Faster refunds, direct deposit of refunds, postdated payments (up to April 17, 2012), more accurate processing, and greater security of sensitive information are just some of the advantages offered by New Jersey. By electronic filing State income tax returns, practitioners are providing their clients with the best possible service.

III FORMS

New Jersey accepts both generic and unformatted records for the NJ-1040, NJ-1040 Part –year, and Non-resident returns. The generic electronic return provides a basis for e-filing the NJ-1040 (Income Tax Resident Return), and the NJ-1040NR (Non-resident Income Tax Return). The NJ-1040 can also be filed as a part year return. Under certain circumstances the filing of additional unformatted forms and/or schedules is also required.

*The NJ-630 is also a generic record since it will be sent as a stand-alone form.

New Jersey **will accept** most returns electronically:

- Refunds, zero balance returns, balance due returns.
- Most supporting documents, forms and schedules will be accepted.
- The Schedule B can be summarized.

New Jersey **will not accept** certain filings electronically:

- Full-year resident filing a joint return with a part-year resident, and a full or part-year resident filing jointly with a non-resident.
- Filings for estates and/or trusts (NJ-1041).
- NJ-1040 with out-of-country addresses.
- Also, New Jersey cannot accept more schedules than the amount accepted by the IRS.

New Jersey requires the FID/EIN/SSN/STIN or PTIN, the name, address and city of the paid preparer to be included in the electronic return. ***Failure to include the STIN/PTIN/SSN will cause the return to be rejected.***

In instances where the ERO is not the paid preparer “999999999” should be entered in the STIN/PTIN field.

Acknowledgment records are transmitted to the IRS to be retrieved by software developers and/or transmitters and forwarded to practitioners.

Paper Returns

The Division of Taxation’s Systems and Technology provides approval for all paper return formats. This office can be reached at (609) 633-3878 or by writing to:

NEW JERSEY DIVISION OF TAXATION

FORMS SECTION ATTN: Timothy Jeffery
P.O. BOX 269
TRENTON, NEW JERSEY 08695-0269

*The NJ-8879 may be kept by the ERO for his/her record. It is not to be sent to New Jersey.

IV ACCEPTANCE INTO E-FILE PROGRAM

New participants in the e-file program should contact the IRS, since Federal registration is required. All required identification numbers are issued by the IRS. (New Jersey does not issue EFIN's and ETIN's.) There is an IRS deadline for filing applications; but there is no deadline for New Jersey. One should not attempt to file returns electronically until an identification number from the IRS has been received and made available to New Jersey.

V REGISTRATION

Transmitters who have not previously registered with New Jersey must submit a properly completed registration form for TY11. It is important that all ETIN numbers be registered. New Jersey does not require transmitters to re-register on a yearly basis. Transmitters should not provide their customers with New Jersey registration forms with a pre-filled ETIN. Transmitters are required to pass testing each year. Practitioners need to have the IRS assign them an EFIN. Practitioners do not need to register with New Jersey. We will check the EFIN with the IRS database.

Software developer ID's, ETIN's, EFIN's, etc. are verified.
ID numbers appearing in electronic returns that are not registered will cause the return to be rejected.

Remember: In the course of processing electronic returns, software developer ID's, ETIN's, EFIN's, etc. are verified. ID numbers appearing in electronic returns that are not registered with the Internal Revenue Service will be rejected by the State of New Jersey.

Note: There is no requirement to be bonded to participate in New Jersey's Program.

VI DIRECT DEPOSIT – DIRECT DEBIT

New Jersey offers both Direct Deposit for refunds and Direct Debit for payment of balances due. They can be made to either a checking or savings account. The use of direct deposit speeds up the refund process. Use of a direct debit aids the taxpayers in quickly meeting their tax obligations.

Direct Debit must be for the full tax amount due. New Jersey will allow taxpayers who choose Direct Debit as their method of payment to select the date the funds will be withdrawn from their savings or checking account. Taxpayers can file their returns in January and not have the payment withdrawn from their account until as late as Thursday April 17, 2012. They may not choose a date after April 17, 2012. Returns filed after the 17th will have the direct debit made on the day after the return is processed. If the date chosen is in the past, the debit will process as soon as the return is processed. If the date chosen is a bank holiday or a weekend, the debit will process on the following business day.

Direct Deposit will be made as soon as the approved NJ-1040 is processed. If the data required for direct deposit is inaccurate or incomplete the error code 0299 / field 024 will be issued. If that is the only error, the return will process but the refund will be by check. The most common error is incorrect data in the direct deposit refund type section. If this field is left "blank" the refund will be issued as a paper check and mailed to the taxpayer even though the rest of the direct deposit data fields are correct.

Caution: *Do not use any dashes, slashes, and/or blank spaces in the account numbers. This could jeopardize processing of direct deposits and direct debits, resulting in potential penalties and/or interest if payments/deposits are held up or not made at all.*

VII "STATE-ONLY" PROGRAM

New Jersey is a participant in the IRS "State-Only" Program. In this program, New Jersey accepts NJ State returns forwarded without the corresponding Federal return. This includes non-resident returns and part-year resident returns. In addition, New Jersey accepts the e-file retransmission of a previously rejected NJ State return. Please contact your software developer to verify whether you can resubmit rejected returns.

* The New Jersey Application for an Extension, NJ-630 is a State Only e-filing.

VIII MONITORING AND SUSPENSION OF PRIVILEGES

New Jersey monitors all parties involved in the electronic filing process. All entities involved in this process are subject to the rules and regulations set forth in this document, as well as the laws, statutes, rules, and regulations that relate to New Jersey Income Tax. Failure to comply with program mandates will result in warnings and/or suspension from the program. Electronically filed returns from suspended entities will not be accepted.

IX PROVIDING DOCUMENTS TO TAXPAYERS

ERO's must furnish taxpayers with documentation of all New Jersey forms filed on their behalf. These should include, but not be limited to, a properly completed NJ-1040, NJ-1040NR. Also, ERO's should advise taxpayers to retain their copies of W-2's, 1099's, and any documents that were used to prepare returns.

X CONTACTING THE DIVISION

ERO's and Transmitters

Technical calls dealing with transmissions, acknowledgment records, testing, etc., should be directed to the Division of Revenue 609-292-9292.

Note: This phone number is not for tax questions and is not to be given out to the general public. This means that software developers and ERO's should not provide this number to taxpayers. This number exists exclusively to provide assistance to software developers and ERO's.

Practitioners

Practitioners have a special phone number that they can utilize when calling the Division of Taxation on tax related matters. They should use that number.

Taxpayers

The phone number below is provided for taxpayers who have inquiries regarding their returns. All such inquiries should go through the New Jersey Division of Taxation Call Center - 609.292.6400. Calls regarding automated refund information should use the following number: 800. 323.4400.

XI FEDERAL/STATE ELECTRONIC BULLETIN BOARD

The IRS has established a bulletin board (the BBS) for the electronic filing program. As with most bulletin board services, the cost of the call is yours, but information is readily available from the IRS, various posting states, etc. To access the BBS, call 859.292.0137.

The Division of Revenue has also established a home page on the Internet. The Division's site address is: www.state.nj.us/treasury/revenue. This site is used to post information relating to the E-File Program, as well as a wide variety of other topics.

XII EXTENSIONS

In certain circumstances, New Jersey will allow electronic returns to be filed beyond the deadline of April 17, 2012. An extension will only be accepted if it has been properly requested. Extensions require either the filing of form NJ-630, Application for Extension of Time to File New Jersey Gross Income Tax Returns or filing a request for a Federal Extension.

The NJ-630 can be filed on the New Jersey, Division of Taxation web page at:
<<http://www.state.nj.us/treasury/taxation/text/onlinetxt.htm>>

If a federal extension is used, the New Jersey return can be filed electronically.

XIII STATE ACKNOWLEDGMENTS

The Internal Revenue Service will provide State Acknowledgement service on its Front End Processing System (EMS, Electronic Management System). The State of New Jersey will send their Acknowledgements to EMS for trading partners to pick up, when they pick up their Federal Acknowledgement. New Jersey will store the Global Transaction (GTX) Key provided by the IRS for use by our help desk. If a State Acknowledgement file needs to be re-hung, the ERO will contact the Trading Partner who will contact the State of New Jersey to look up the GTX Key. If a trading partner has a question about the file, they should contact the state.

New Jersey acknowledges all electronic returns received. Clients receive acknowledgments from both the IRS and the State of New Jersey. It should be noted that a Federal acknowledgment does not extend to the corresponding State return. A Federal acknowledgment means only that the State portion has been made available to that State.

An acceptance from New Jersey does not imply that the return, in its entirety, is correct. It acknowledges only that the return conforms to the required standards for electronic filing. Acknowledgments will be transmitted to the IRS System for retrieval

If not using direct debit, payments with the voucher 1040-V should be forwarded, along with the accompanying payment vouchers, to the following address:

State of New Jersey Division of Taxation
Revenue Processing Center
P.O. BOX 111
Trenton, New Jersey 08646-0111

XIV PIN's (PERSONAL IDENTIFICATION NUMBERS)

E-filed New Jersey returns are accepted without a PIN.

We encourage but do not mandate the use of a PIN; i.e., entry of a Federal Self-select or Practitioner PIN. Use of the PIN simplifies and accelerates the filing process. The NJ record layout contains fields for the entry of a primary PIN and a spouse PIN.

XV Signature Documents

NJ Division of Taxation no longer requires any signature document for any e-filed New Jersey return. Practitioners may choose to maintain a signed copy of an NJ-8879 or similar document in their records.

The form NJ-8879 is not to be mailed to the State of New Jersey.

- <http://www.state.nj.us/treasury/taxation/text/nottaxpracttxt.htm>
The State of New Jersey does not require the use of a signature document for New Jersey Gross Income Tax returns filed electronically. Both Form NJ 8879 (NJ E-FILE Signature Authorization) and Form NJ 8453 (State of New Jersey Individual Income tax Declaration for Electronic Filing) have been discontinued. Practitioners who may have completed these forms in the past are not required to retain them in their files.
Practitioners have the option to use and retain copies of form NJ 8879 as a document to confirm that their client has reviewed their return and attests to its accuracy.

XV TY11 E-FILE CALENDAR

The following dates relate to the coming E-file tax season:

Return period:	1/1/11 - 12/31/11
Deadline to register:	None, (but must register prior to transmitting)
Start date for PATS	When notified
Begin live transmissions:	January 20 th 2012
Last date for timely filing:	April 17 th 2012
Last date for late transmissions:	October 20 th 2012

XVII MISCELLANEOUS CONTACTS, TELEPHONE NUMBERS and MAILING ADDRESSES

The following numbers are provided for your information:

Alcoholic Beverage Tax	609.984.4121
Client Registration	609.292.9292
Corporate Mergers, Dissolutions	609.292.9292
Corporate Tax Liens	609.292.9292
Director's Office - Revenue	609.984.3997
Director's Office - Taxation	609.292.5185
Electronic Filing Program	609.292.9292
Electronic Funds Transfer (EFT)	609.292.9292
Forms-Tax Fax	609.826-4500
Forms-Tax Talk	800.323-4400 (Touch-tone phones in NJ only)
Inheritance Tax	609.292-5033
IRS E-file Washington DC	800.829-1040
IRS Newark	973.645-6690
Local Property Tax	609.292-7221
Motor Fuels Tax Refunds	609.588-3688
Public Utility Tax	609.584-4337
Recorded Tax Topics	800.323-4400 (Touch-tone phones in NJ only)
Speaker Programs	609.984-4101
Tax Call Center	609.292-6400
Tax Cheats	609.292-6400

Some of the more common URL's and e-mail addresses:

Division of Revenue	www.state.nj.us/treasury/revenue/
E-file Program Page	www.state.nj.us/treasury/revenue/efile.htm
ERO Registration	www.state.nj.us/treasury/revenue/forms/elfreg.pdf
E-mail the Division	info@revenue.state.nj.us
Division of Taxation	www.state.nj.us/treasury/taxation/
E-file Mandate	www.state.nj.us/treasury/taxation/text/efilemandatetxt.htm
E-mail Taxation	taxation@tax.state.nj.us
Internal Revenue Service	www.irs.ustreas.gov/

Some of the more common mailing addresses:

EFT	NJ Division of Revenue EFT Group P.O. Box 628 Trenton, NJ 08646-0628
E-File	NJ Division of Revenue E-file P.O. Box 628 Trenton, NJ 08646-0628
Forms	NJ Division of Taxation P.O. Box 269 Trenton, NJ 08695-0269 Attn: Taxpayer Forms Service
NJ Package X	NJ Division of Taxation P.O. Box 286 Trenton, NJ 08695-0281
State Tax News	NJ Division of Taxation P.O. Box 281 Trenton, NJ 08695-0281
Tax Cheats	NJ Division of Taxation Compliance Activity P.O. Box 245 Trenton, NJ 08695-0245

XVIII ABBREVIATIONS

ERO's are asked to use a certain set of abbreviations. Following is a list of preferred abbreviations:

<u>WORD</u>	<u>ABBREVIATION</u>	<u>WORD</u>	<u>ABBREVIATION</u>
And	&	North	N
Air Force Base	AFB	Northeast	NE
Apartment	APT	Northwest	NW
Avenue	AVE	One-half	1/2
Boulevard	BLVD	Parkway	PKY
Building	BLDG	Place	PL
Care of, or In Care of	C/O	Post Office Box	PO BOX
Circle	CIR	Route, Rte.	RT
Court	CT	Road	RD
Drive	DR	Rural Delivery	RD
East	E	Rural Route	RR
Fort	FT	South	S
General Delivery	GEN DEL	Southeast.	SE
Heights	HTS	Southwest	SW
Highway	HWY	Square	SQ
Island	IS	Street	ST
Lane	LN	Terrace	TER
Junction	JCT	West	W
Lodge	LDG		